

Message Text

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PAGE 01 LONDON 06597 01 OF 02 221742Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 FRB-01 OMB-01 ITC-01

SP-02 USIA-15 AGRE-00 AID-05 CIAE-00 COME-00

INR-07 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CEA-01 AF-10 ARA-10 EA-09 NEA-10 /120 W

-----221749Z 075054 /43

O R 221733Z APR 77

FM AMEMBASSY LONDON

TO USMISSION GENEVA IMMEDIATE

INFO SECSTATE WASHDC 2972

UNCLAS SECTION 01 OF 02 LONDON 06597

FOR: US DEL -- PAUL PILKAUSKAS

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD: UN SUGAR CONFERENCE

REF: (A) GENEVA 2965; (B) TELCON THIGPEN/PILKAUSKAS

1. REPRODUCED BELOW FOR THE INFORMATION OF THE US DEL, SUGAR CONFERENCE, ARE NOTES PROVIDED BY THE INTERNATIONAL COFFEE ORGANIZATION ON VERIFICATION OF STOCKS. A SET OF DOCUMENTS WAS HANDCARRIED BY ROBERT KAUFMAN OF THIS EMBASSY, HOTEL INTERCONTINENTAL AFTERNOON OF APRIL 22. DOCUMENT NR. EB 982/71 REFERRED TO IN NOTES BELOW IS BEING SENT BY INTERNATIONAL AIRMAIL. AS US DEL IS AWARE, THE ICO VERIFICATION SYSTEM IN EFFECT FOR ABOUT A YEAR APPEARS TO BE WORKING WELL. FOLLOWING POINTS SHOULD BE BORNE IN MIND, HOWEVER:

A. SYSTEM IS INTRICATE AND REQUIRES CAREFUL SECRETARIAT MONITORING TO MAINTAIN EFFECTIVENESS.

B. SYSTEM DEPENDS IMPORTANTLY UPON COOPERATION
UNCLASSIFIED

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PAGE 02 LONDON 06597 01 OF 02 221742Z

OF PRODUCER COUNTRIES.

C. IT IS QUITE EXPENSIVE -- BUT CERTAINLY WORTH THE INVESTMENT.

2. TEXT FOLLOWS:

NOTES ON THE VERIFICATION OF STOCKS OF COFFEE IN
EXPORTING MEMBER COUNTRIES BY THE INTERNATIONAL
COFFEE ORGANIZATION

"L. ARRANGEMENTS FOR THE ANNUAL VERIFICATION OF STOCKS OF COFFEE IN EXPORTING MEMBER COUNTRIES WERE MADE BY THE ORGANIZATION AS FAR BACK AS 1965. THE VERIFICATION WAS, HOWEVER, MADE COMPULSORY ONLY AS FROM THE START OF COFFEE YEAR 1976/77 BY RESOLUTION 119, A COPY OF WHICH IS INCLUDED IN THE SET OF DOCUMENTS.

2. TO CARRY OUT THE VERIFICATION THE ORGANIZATION CALLED ON THE SERVICES OF THE SOCIETE GENERALE DE SURVEILLANCE, L PLACE DES ALPES, CASE POSTALE 898, CH-1211 GENEVA 1, TEL: 022/31 22 50. VERIFICATIONS WERE CARRIED OUT ANNUALLY UNDER THE PROVISIONS OF RESOLUTION 119 UNTIL THE TERMINATION OF THE 1968 AGREEMENT, IN OTHER WORDS UNTIL THE END OF COFFEE YEAR 1972/73. VERIFICATIONS WERE RESUMED IN 1976 UNDER THE PROVISIONS OF RESOLUTION NO. 286 (SEE COPY INCLUDED IN THE SET OF DOCUMENTS). NO VERIFICATION TOOK PLACE DURING COFFEE YEARS 1973/74 AND 1974/75 BECAUSE OF THE FACT THAT THE 1968 AGREEMENT AS EXTENDED DID NOT CONTAIN ANY "ECONOMIC CLAUSES".
PROCEDURES ADOPTED FOR THE ANNUAL VERIFICATIONS:

3. THE PROCEDURES FOLLOWED UP TO 1972/73 BY THE SURVEYING AGENCY APPOINTED BY THE EXECUTIVE DIRECTOR FOR THE ANNUAL VERIFICATION OF STOCKS ARE CONTAINED IN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LONDON 06597 01 OF 02 221742Z

ANNEX II OF DOCUMENT EB-982/71.

4. THE PROCEDURES APPLIED FOR THE VERIFICATIONS CARRIED OUT IN 1976 ARE CONTAINED IN DOCUMENTS EB-1416/76 REV. 1 AND EB-1455/76.

5. VERIFICATIONS TO BE CARRIED OUT IN 1977 WILL BE MADE IN ACCORDANCE WITH THE RULES CONTAINED IN EB-1487/77 REV. 1. THESE RULES HAVE ONLY BEEN PROVISIONALLY APPROVED BY THE BOARD AND ARE SUBJECT TO PERIODIC REVIEWS (SEE PARAGRAPH 23 OF DOCUMENT EB-1487/77).

GENERAL COMMENTS:

6. ATTENTION IS DRAWN TO THE FOLLOWING WITH REGARD TO THE VERIFICATIONS UNDERTAKEN BY THE ORGANIZATION:

A. UP TO 1972/73 THE PROCEDURES IN FORCE DID NOT REQUIRE ALL STOCKS REPORTED AS HAVING BEEN VERIFIED

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PAGE 01 LONDON 06597 02 OF 02 221744Z
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INFO OCT-01 EUR-12 ISO-00 L-03 FRB-01 OMB-01 ITC-01
SP-02 USIA-15 AGRE-00 AID-05 CIAE-00 COME-00
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TRSE-00 CEA-01 INRE-00 AF-10 ARA-10 EA-09 NEA-10
/120 W

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O R 221733Z APR 77
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TO USMISSION GENEVA IMMEDIATE
INFO SECSTATE WASHDC 2973

UNCLAS SECTION 02 OF 02 LONDON 06597

TO BE COUNTED PHYSICALLY. INDEED, IN ORDER TO REDUCE COST AND THE TIME REQUIRED TO CARRY OUT THE VERIFICATIONS, STOCKS LOCATED IN AREAS DIFFICULT TO REACH OR SITUATED FAR FROM EXPORT CENTRES COULD BE ASCERTAINED BY MEANS OF DOCUMENTARY EVIDENCE SUPPLIED EITHER BY THE AUTHORITIES OR BY THE PROFESSIONAL ASSOCIATIONS. BECAUSE OF THE DIFFICULTY EXPERIENCED IN THE PAST OF ESTABLISHING THE CREDIBILITY OF THE DOCUMENTARY PROOF SUBMITTED BY THE MEMBER IT WAS FELT NECESSARY, WHEN THE NEW RULES FOR THE ANNUAL VERIFICATIONS WERE PREPARED, TO STRENGTHEN THE SYSTEM BY REQUIRING ALL STOCKS ELIGIBLE FOR VERIFICATION TO BE PHYSICALLY COUNTED. FOR THAT PURPOSE IT HAS BEEN NECESSARY TO DEVELOP A SYSTEM WHEREBY THE SURVEYING AGENT WOULD KNOW PRIOR TO THE VERIFICATION TAKING PLACE WHERE AND IN WHICH WAREHOUSES STOCKS ARE LOCATED. THIS OBJECTIVE WAS OBTAINED BY INTRODUCING IN THE RULES THE CONCEPT OF DESIGNATED AND APPROVED WAREHOUSES (SEE PARAGRAPH 9 OF DOCUMENT EB-1487/77 REV. 1). THE EXPERIENCE GAINED IN 1976 HAS SHOWN THAT THE REQUIREMENT THAT ALL STOCKS

UNCLASSIFIED

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PAGE 02 LONDON 06597 02 OF 02 221744Z

ELIGIBLE FOR VERIFICATION ARE STORED IN APPROVED WAREHOUSES HAS NOT ONLY GREATLY FACILITATED THE STOCK-TAKING BUT HAS ENHANCED THE CREDIBILITY OF THE STOCK-TAKING OPERATIONS.

B. STOCKS ELIGIBLE FOR VERIFICATION ARE ALL STOCKS OF EXPORTABLE QUALITY, LOCATED IN DESIGNATED OR APPROVED WAREHOUSES (WITH THE EXCLUSION OF STOCKS HELD BY INDIVIDUAL GROWERS, I.E., STOCKS HELD ON FARMS OR STOCKS IN TRANSIT). THEY INCLUDE. THEREFORE, NORMAL WORKING OR TURN-OVER STOCKS.

C. ALTHOUGH NOT SPECIFICALLY STATED IN THE RULES CURRENTLY IN FORCE. NEW CROP COFFEE, SHOULD THERE BE ANY IDENTIFIED AS SUCH, IS NOT INCLUDED IN THE STOCKS ELIGIBLE FOR VERIFICATION.

D. UP TO 1976 THE COST OF THE VERIFICATION WAS CHARGED TO EACH OF THE EXPORTING MEMBER COUNTRIES CONCERNED. THE VERIFICATIONS TO BE CARRIED OUT IN 1977 WILL BE PAID BY THE SPECIAL FUND (SEE ARTICLE 55 OF THE 1976 AGREEMENT). IT IS EXPECTED THAT VERIFICATIONS AFTER 1977 WILL ALSO BE PAID FROM THAT FUND BUT THE DECISION ON HOW TO DEFRAY THE COSTS OF VERIFICATION LIES WITH THE EXECUTIVE BOARD (SEE PARAGRAPH 2 OF EB-1487/77 REV. 1)."

E. THE ANNUAL COST OF VERIFICATION HAS BEEN IN THE PAST BETWEEN US \$300,000 AND US \$500,000 DEPENDING ON THE VOLUME OF WORK INVOLVED (DIRECTLY RELATED TO THE NUMBER AND DISPERSION OF WAREHOUSES TO BE VERIFIED AND THE VOLUME OF STOCKS TO BE VERIFIED THEREIN).

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Message Attributes

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Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009